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| TOWNSEND AND TOWNSEND AND CREW, LLP TWO EMBARCADERO CENTER EIGHTH FLOOR SAN FRANCISCO, CA 94111-3834 | | | PATEL, JAGDISH | |
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| | | | 3624 | |

DATE MAILED: 08/26/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/558,945

Applicant(s)

KEPECS, JONATHAN

Examiner

JAGDISH PATEL

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 10 May 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-17, 19-27 and 36-47 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-17, 19-27 and 36-47 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This communication is in response to amendment filed 5/10/04.

Response to Amendment

2. Claims 1, 6-10, 19, 20, 36 and 42 have been amended; New claims 46 and 47 have been added. Claims 1-17, 19-27 and 36-47 are currently pending and have been examined in consideration of the amendment.

Response to Arguments

3. ***Claim Rejections - 35 USC § 101:*** Amendment of claim 1, merely recite "computer implemented" in the preamble which is not supported by any limitation of the claim. The recitation "computer implanted" has not been given patentable weight because the recitation occurs only in the preamble. A preamble is generally not accorded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535

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F.2d 67, 190 USPQ 15 (CCPA 1976) and Kropa v. Robie, 187

F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

Dependent Claims 2-6, 11-17, 21-27 and 37-45 are similarly analyzed as being not within technological art.

Based on the foregoing analysis, rejection of claims 2-6, 11-17, 21-27 and 37-45 under 35 USC § 101 is maintained.

4. *Claim Rejections -35 U.S.C. 112*: the applicant's amendment is not effective to overcome 112(second) rejection presented in the previous office action. (see details below.)

5. *Claim Rejections -35 U.S.C. 103*: Applicant's arguments with respect to claim rejections under 35 U.S.C. 103 have been considered but are moot in view of the new ground(s) of rejection.

Statute Cited in Prior Action

6. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claim Rejections - 35 USC § 101

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7. Claims 1-6, 11-17, 21-27 and 37-45 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible

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result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In *re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the

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Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 1-6, 11-17, 21-27, 37-45 have no connection to the technological arts. As an example, none of the steps recited in claim 1 indicate any connection to a computer or technology. The limitation "computer implemented" only occur in the preamble. All of the step

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of identifying a consumer, promoting a first selected item, determining if the identified consumer has acknowledged the promoting, and prolonging the promoting could be performed manually without the use of a computer and/or computer network. The term "network" could also include sending the brand promotions through the US Postal network, using a courier service such as UPS to deliver the brand promotions through its network of carriers, etc.. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts, such as incorporating a computerized process, a computer network or electronic network into the communicating steps etc.

Note that the exemplary analysis of claim 1 also applicable to all aforementioned claims which are dependent upon claim 1 and which also do not recite any technology within their limitations.

8. Claim 6-10, 17, 19, 20 and 36 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 6-8 recite limitation "posting a notice of said discount or special price ..on a kiosk..". However, the process of identifying, determining and prolonging as recited in claim 1 are not functionally dependent upon the manner in which the promoting step is performed. Furthermore, passing a store loyalty card through a reader at the kiosk does not assure that the list of discounts are applicable to the identified consumer

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because the claims do not recite how the identified consumer and the loyalty card are related. (see also claim 9 and 10 analysis below.).

Claims 17, 19 and 20 are indefinite due to similar defects.

Claim 9 and 10 recite that the promoting of the selected item is carried via a *computer network* accessible at a location selling the item. However, the process of prolonging the promoting is not dependent upon the manner in which the promoting and the acknowledgment (within predetermined time period) are performed. The functional relationship of the determining step to the promoting and acknowledgment process being performed via a computer network and by a scanning device is unclear and indefinite.

Claim 36 recites limitations "recording a price paid for said first selected item by said consumer at a location" and

"granting a rebate of the difference between said recorded price and said discount or special price at the next purchase of said first selected item by said consumer at said location".

However, these limitation do not have any relationship to the "withdrawing said discount or special price..", "granting said discount upon purchase of said first selected item by said identified consumer.." and "holding said withdrawing in abeyance

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upon an acknowledgement.." steps. It appears that the later steps could be performed without performing the former steps. In view of this deficiency, it is asserted that the recording a price and granting a rebate amounts to a merchant offering a customer a refund for an excess amount charged for an item offered for a sale price after the customer shows a receipt of the excess charge.

9. Claims 1-5, 9-17, 19-27 and 37-47 are rejected under 35 U.S.C. 103(a) as being unpatentable over PR Newswire article "Caldor Announces Agreement with New York State Attorney General", dated January 11, 1993 (hereafter "Caldor") and further in view of Abell (WO 98/38589) ("Abell") and further in view of Borland International: Publishes file format specification; adjusts price of Reflex to \$149.95 dated April 24, 1986. (Borland).

As per claim 1 Caldor teaches a method of extending promotional discounts on items for sale to consumers, comprising:

promoting a first selected item with a discount or special price wherein the discount or special price is granted upon purchase of said first selected item by a consumer within a predetermined time period;

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(advertised item available at a sale price during a sale period to a customer)

determining if said consumer has acknowledged said promoting within the predetermined time period;

(the customer wishes to purchase the advertised item at a sale price visits the store in response to the advertised sale price, the determination whether a customer desires to purchase the sale priced item to the store clerk during the sale period is the acknowledgement of the advertisement)

prolonging the promoting beyond the predetermined time period upon determining that said consumer has acknowledged said promoting within the predetermined time period;

(the customer is entitled to a rain check to purchase the advertised item at the sale price for a time beyond the sale period).

The Caldor article fails to teach that the selected first item (i.e. the advertised item offered at a sale price) is promoted to a consumer who is identified by a unique identifier. However, Abell, in the same field of endeavor, teaches a method of extending promotional discounts to a targeted consumer wherein a selected items are promoted to a consumer identified by a unique identifier (see abstract, anonymous identification,

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p. 13 and 14). It would have been obvious to one of ordinary skill in the art to combine Abell teaching to the Caldor method of offering promotional discounts such that the later is offered to the consumers identified by a unique identifier because this would facilitate targeting each consumer for a specific selected item offered for promotion thereby improving the likelihood that consumer would purchase the item.

Caldor and Abell fail to teach that the prolonging is independent of availability of the first selected item during the predetermined period.

Borland, in the same field of endeavor, teaches that prolonging is independent of availability of the first selected item during the predetermined period. (the \$99.95 offer was extended an extra 45 days beyond its original March 31, 1986, expiration date).

It would have been obvious to one of ordinary skill in the art to implement the prolonging of the offering of discount or special price to the identified consumers regardless of the availability of the item product during the predetermined period as per Borland, because such implementation would enable the vendor to have more consumers purchase their products upon

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determining that the offer was overwhelmingly popular and that a larger customer base may be built by prolonging the promotion.

Claim 3 is recited well-known features of discounts or special prices are broadly covered under sale price.

Claims 2, 4: Caldor, Abell and Borland fail to explicitly teach however, Official is notice is taken that offering a free sample and providing points that can be accumulated is old and well known business practice in product sales and marketing. It would have been obvious to one of ordinary skill in the art at the time of the claimed invention to use these features in the Caldor method because it would appeal a wider spectrum of consumers that it would provide promotions more suitable to consumers and/or products of different characteristics.

Claim 5: Caldor, Abell and Borland fail to teach, however, it is asserted that offering promotions via a direct mail to a predetermined consumers is old and well known practice. It would be a merchant's discretion when to commence the predetermined time period.

Claims 9: Caldor fails to teach however, Abell teaches "posting a notice of discount or special price..on a network accessible at allocation selling the item and the acknowledgement comprising scanning said first item at said

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location by a scanning device (p. 16, ..customer pointing the hand-held unit at an electronic shelf label 45. refer to Lines 14-25),

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Abell with Caldor to incorporate promoting the discount or special price electronically and acknowledgement via the scanning device because this would provide convenience to the consumer for shopping while reducing the shopping time.

Claims 10, 19 and 20 are similarly analyzed as per claim 9 in view of Abell.

Claims 11-12: identifying said consumer with a limited direct identification (Abell p. 13 L 33- p. 14 L 6, "anonymous identification"), refer to analysis of claim 1 for reasons for combination of Caldor and Abell.

Claims 13-17 have been analyzed as per claims 2-6 respectively.

Claim 21: promoting a second selected item with a discount ..to said identified consumer is interpreted as being inherent to Caldor in view of Abell since a plurality of items may be offered at discount to the selected consumer.

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Claim 22: Once the consumer accepts the first offer to purchase the first item, the merchant sends another such offer to the consumer because the merchant recognizes that the consumer is more likely to purchase a second item based on the past purchase. This feature is inherent to Abell, which teaches a targeted promotional advertisement (see p. 15).

Claim 23-26: "limited direct identification" and "full direct identification" (refer to Abell p. 13 L 31- p. 14 L 6).

Claim 27: inherent of any purchase of item by a consumer.

Claim 37-45: recites limitations, which are customarily practiced in promotions of goods and services. For example, claim 37 recites "first selected item is associated with a plurality of discounts or special prices". This amounts to the customer receiving a sale price item in combination with a manufactures coupon discount. Similarly, it is well known to offer discount to those customers who meet specific and predefined criteria such as purchasing history or habits. The examiner asserts that such features are old and well known and takes official notice to that effect. All other claims are similarly analyzed.

Claims 46 and 47: Caldor and Borland combination as discussed as applied to claim 1 fails to teach that the

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identifying, promoting, determining and prolonging are performed by a computer network system.

However, Abell teaches offering promotions via a computer network system including all process steps recited in claim 46.

The court has ruled that merely using a computer to automate a known process does not by itself impart nonobviousness to the invention. See *Dann v. Johnston*, 425 U.S. 219, 227-30, 189 USPQ 257, 261 (1976); *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958).

In view of the foregoing, it would have been obvious to one of ordinary skill in the art at the time of the invention to have the process steps of claim 1 performed by a computer network system because implementing well known process over a computer network system or automating it would be obvious improvement within one of ordinary skill in the art.

Limitation of claim 47 is inherently considered in claim 46 analysis.

10. Claims 6-8, 17, are rejected under 35 U.S.C. 103(a) as being unpatentable over Caldor, Abell and Borland as applied to claim 1 and further in view of of Scroggie.

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Claims 6-8: Caldor, Abell and Borland combination as discussed as applied to claim 1 fails to disclose posting a notice of discount of the selected item on a network accessible from a kiosk at a location selling the item and acknowledgement comprises recording a visit. However, Scroggie, in the same field of endeavor, discloses a method of distributing discounts via a computer network to identified consumers wherein the discounts are accessible from a kiosk at store locations (see abstract and fig. 13, Summary of Invention and Background of Invention). Scroggie also teaches application of a loyalty card and posting of a notice of discount for the selected item as claimed.

It would have been obvious to one of ordinary skill in the art of promotion and marketing to implement the Kremer method of distributing promotions on the Internet using world wide web as disclosed by Scroggie because implementation of the method of extending promotional discounts on the Internet (e-mail. transmission, web-page, network accessible from a kiosk etc.) would provide customary benefits of wider reach of potential consumers, easy access of the promotion to the consumers and economy offered by electronic distribution of the promotions.

Claims 17 is analyzed in similar manner as claims 6.

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Conclusion

1. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAGDISH PATEL whose telephone number is (703)308-7837. The examiner can normally be reached on 800AM-600PM M-Th.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703)308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Jagdish N. Patel

(Primary Examiner, AU 3624)

8/23/04